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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 10-81

WASHINGTON, March 11--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In ARGENTINA, exceptionally favorable weather in the major coarse grain producing areas has resulted in an expected total coarse grain crop this year of about 20.4 million tons, compared with 10.6 million tons a year ago. Abundant and timely rains have been reported in the corn producing areas during the flowering period and production is now expected to reach a record 12.3 million tons, nearly double the level of last year. In addition, sorghum producing areas have benefited from improved weather conditions and production is placed at 7 million tons, more than twice the size of last year's crop. Argentine exports of corn and sorghum during 1981/82 (April - March) are expected to exceed the 1980/81 level by two and a half times, reflecting the increased coarse grain crop.

OILSEEDS AND PRODUCTS

In BRAZIL, the National Energy Council is examining the government's plan of using vegetable oils as a diesel fuel substitute, with a good possibility of implementing the plan in 1981. This plan was prepared by a special government working group organized in October 1980 at the time that the Minister of Agriculture announced the 1981 goal of substituting vegetable oils for 6 percent of the country's diesel needs.

Although at the present time there are considerable doubts as to the economic feasibility of using vegetable oil fuels, the Brazilian authorities are determined to take immediate action to expand oilseed production and greater vegetable oil supplies. Some 30 billion cruzeiros (\$420 million) has been earmarked to increase acreages of peanuts, sunflower, rape and soybeans during the 1981/82 crop year. Government assistance also is being directed to increasing the acreage of oil palm to expand the production of palm oil in the Amazon Basin. The present large scale domestic production of soybeans and peanut oils make them the most likely candidates for the vegetable oil fuel program.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY (EC) has released its official proposal for 1981/82 farm prices. The proposals, which must be approved by the EC's Council of Agricultural Ministers, include new intervention prices (the price used by the Commission to determine support prices) for the livestock and dairy sectors. Adult beef (live weight) intervention prices have been proposed at 1533.61 European Currency Units (ECU's) per ton (81 U.S. cents per pound) for April 6 to Dec. 6 and 1577.01 ECU's per ton (84 U.S. cents per pound) from Dec. 7 to April 4, 1982. The total price increase of 9 percent above the 1980/81 level has been suggested in the two increments to lessen the repercussion on consumer prices and on the EC budget.

Similarly, the EC Commission has proposed that the target price for milk be increased by 8 percent, from 222.6 to 240.4 ECU per ton (US \$11.81 to \$12.76 per hundredweight). The proposal would spread out the milk price increase too, with a 6-percent increase from April 1 to Sept. 15 and the full 8-percent rise on Sept. 16 through March 31, 1982.

Butter, skim-milk powder and cheese prices also would be spread out and will average increases of 6 to 7 percent. The Commission proposed increasing sheepmeat prices by 6 percent and pigmeat prices by 9 percent.

The EC COUNCIL has agreed to an amendment of the standard amounts and the feed conversion ratios used to calculate variable levies and sluice-gate prices for poultry meat. The feed conversion ratio (pounds of feed to pounds of gain) for calculating the basic levy has been increased from 2.328 to 2.562 pounds, while the conversion ratio for calculating sluice-gate prices for 80-percent turkey remains at 2.275. For the new 73-percent turkey category, the ratio was set at 2.493. The standard amounts, which are the estimated production costs other than feed were increased by about 10 percent. It is estimated that an increase of 8 percent in turkey sluice-gate prices will result from use of the new ratios and standard amounts.

The EC COUNCIL has reached a tentative agreement on a three-year arrangement for United Kingdom imports of New Zealand butter. Italian endorsement of the agreement will be required before it is finalized. The arrangement would allow for imports of 94,000 tons in 1981, and 92,000 tons in 1982 under preferential terms (13 cents per pound duty instead of \$1.01 per pound). The Council will decide by majority vote before Oct. 1, 1982, on the amount to be imported in 1983. The quantity imported last year was 95,000 tons.

Import licenses for high quality beef have been authorized by the EC for 413 tons under the first quarterly allocation of 3,000 tons of the U.S. 10,000-ton quota. Of the 413 tons, license applications for 173 tons were received from the United Kingdom, 101 tons from Denmark, 62 tons from Germany, 42 tons from Belgium, 20 tons from the Netherlands and 15 tons from Greece.

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Denmark will import an estimated 250 to 500 tons of Irish beef in order to meet its 3,310-ton share of the 5,000-ton beef quota for export to the United States. Ireland will fill its entire share of the quota (1,690 tons) by the end of the first quarter.

SOVIET 1980 total milk production at 90.7 million tons was down for the third consecutive year. The first milk production figures for 1981 do not show any improvement. On collective and state farms during January 1981, milk production was 2 percent below output for the same month last year, while January butter production in the food sector of Soviet industry declined 7 percent from the year-earlier level.

Despite official emphasis on maintaining livestock numbers through the winter, the Feb. 1 inventory of cows on collective and state farms was below the Oct. 1 inventory of the preceding year for the first time since 1976. Although forage crop production in 1980 exceeded that of the preceding year, the quality of forage available has been generally poor because of wet weather during harvest and inadequate storage procedures. Even though conditions appear favorable for good pasture development this spring, the Soviets may be hard put to equal last year's level of milk production.

COTTON

CHINA produced 440,000 tons of synthetic fibers in 1980, an increase of 35 percent over the 326,000 tons produced in 1979. Substantial increases also were achieved in cotton yarn and cloth production, according to PRC textile sources.

The sharp increase in the production of synthetic fibers has helped meet China's growing domestic needs for textile goods, which continue to be in short supply, and provides a wider choice of textile products to compete more successfully in international markets. Manmade fibers, which currently account for about 10 percent of fiber use in the cotton spinning system, are targeted to reach 40 percent by 1985. Although the government favors expansion of the textile industry through domestically produced fibers, availability of raw materials will continue to be a major constraint. In the short run, anticipated growth will require continuing substantial imports of cotton and manmade fibers.

TOBACCO

POLAND is experiencing a cigarette shortage which is particularly acute in Silesia and on the Baltic Coast. Cigarette production for 1981 is expected to be 87.5 billion pieces, with demand currently estimated at 95 billion cigarettes. Through February, production was 2.4 billion cigarettes below 1980 levels. The Polish tobacco industry attributes the decline to a lack of materials and fewer working hours. Because of a severe shortage of foreign exchange, the tobacco industry has been unable to import cigarette paper, packing materials and filters. Domestic cigarette paper and aluminum foil have been substituted, which have caused a decline in productivity and product quality. Production time is expected to decline still further during 1981 as workers are opposed to overtime. This factor alone is expected to reduce output by 3 billion pieces.

The Polish tobacco industry does not plan to introduce any new products this year, and only small amounts of cigarettes will be imported, mostly from Albania. All cigarette packs will carry the warning "Cigarette smoking may cause many serious illnesses."

HORTICULTURAL AND TROPICAL PRODUCTS

IRAN's exports of tree nuts and dried fruit were down sharply during March - December 1980, compared with the same period in 1979. According to reports received by the U.S. agricultural counselor in London, exports for the past two seasons were as follows in tons and Iranian Rials (US \$1 equals RI 74.8):

-----	<u>1980</u>		<u>1979</u>	
	<u>Tons</u>	<u>Rials</u>	<u>Tons</u>	<u>Rials</u>
Pistachios	3,896	183,296	16,838	3,852,009
Raisins	10,100	1,046,798	30,883	2,519,024
Dates	2,385	42,454	56,397	1,094,528
Almonds	183	27,324	1,632	257,668
(dried and fresh)				
Apricots	3,102	377,767	6,185	716,537
Peaches	78	13,351	243	41,078

In INDIA, the government placed a new ban on sugar exports effective Feb. 23, but retroactive to cover earlier commitments for this crop year. At the same time monthly rations to fairprice shops in New Delhi were cut from 900 to 700 grams per person. The sugar situation in the country is reported to be still tight despite an increase this year in domestic production. Among the affected commitments are 187,000 tons of sugar to a london firm from which India imported last year in order to augment domestic supplies.

The INTERNATIONAL COFFEE ORGANIZATION (ICO) Executive Board will hold a meeting in London, March 26 and 27. This meeting will be followed by the 35th Session of the International Coffee Council March 30 to April 3. The major agenda items for both meetings include reviews of the market situation and of the system of indicator prices, quotas and controls, stock verification and the presentation of country studies.

YUGOSLAVIA's hop production was 4,730 tons in 1980, 8 percent above the preceding year. Both area and yields were larger, reflecting attractive prices and good growing conditions. Area again is expected to increase moderately in 1981.

The total official planted hop area is projected to reach 4,000 hectares in 1985, with production expected to reach 7,000 tons. During this period, a portion of a recently approved \$86 million World Bank (IBRD) loan will be used to stimulate hops output on private farms.

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Yugoslavia is likely to export about 2,900 tons of hops during the 1980/81 (Sept. - Aug.) marketing year, some 16 percent above 1979/80. Principal customers are West Germany, the United States and the United Kingdom. Yugoslav hops imports during 1980/81 are estimated at 400 tons.

INTERNATIONAL WEATHER AND CROP SUMMARY, March 2 - 8

EUROPE--Above-normal precipitation in many parts of the northwestern countries maintained favorable conditions for winter grains. Some beneficial moisture moved into dry portions of Portugal, Spain and northern Italy, but winter grain conditions continued to deteriorate in southern Portugal and Spain, and to a lesser extent in the western part of the Po Valley in Italy. Light to moderate precipitation in eastern countries kept soils adequately moist. Above-normal temperatures melted the snow from most agricultural areas in the east, but conditions remained cool enough to prevent winter grain growth. In the west, greater temperature departures above normal permitted resumption of winter grain growth in many countries.

WESTERN USSR--Above-normal precipitation returned to winter grain areas in the southern and eastern Ukraine. Nearly all winter grain areas received at least some additional moisture. In spite of the danger of frost heaving damage, the abundance of moisture will benefit crops as dormancy breaks. Temperatures during the week remained cold enough to prevent winter grain growth. Snow depths changed very little from the previous week. The greatest danger for winterkill by extreme cold persists in the lower Volga Valley, but no threat currently exists, and the probability of such an occurrence is decreasing as spring approaches.

EASTERN ASIA--Conditions warmed again early in the week over China's winter grain belt. Air temperatures actually became warm enough for winter grains to resume growth over most of the belt, but little or no precipitation fell. Southern portions of the belt probably had adequate moisture from the abundant precipitation in mid-February, but persistent dryness in the north may have reduced potential yields, even though crops have been dormant. The hilly areas south of the Yangtze River continued to receive above-normal rainfall. In South Korea, very little precipitation fell on barley fields, but soil moisture remained adequate. Conditions became warm enough for growth only along the southern coast.

SOUTH ASIA--Precipitation in winter grain areas was limited mostly to hilly terrain in northern India, with lighter amounts in Punjab and northeast Pakistan. The later-developing grains in these northerly areas will benefit from the moisture. The dryness elsewhere was favorable for harvesting. Precipitation also continued in extreme northeastern India, a pattern normal for this season. The usual onset of rains in southern India has not yet begun, but agricultural consequences remain minimal so far.

NORTHWESTERN AFRICA--Virtually no precipitation fell in the region. Winter grains in Algeria and Tunisia should still have adequate moisture, but conditions in Morocco continue to deteriorate. Yield prospects in southern grain areas of Morocco are poor and are steadily declining in northern areas. Above-normal temperatures continue to put stress on the crops.

SOUTH AFRICA--Showers produced 10 to 50 mm of weekly rainfall throughout the Maize Triangle. Heaviest amounts were concentrated generally in the northern portion of the Orange Free State. Soil moisture supplies are adequate in most all areas for corn growth. The crop is now in the grain-filling period and several consecutive sunny days should have benefited early season varieties, which will mature during the next several weeks. Yield prospects remain good for this season's crop.

SOUTH AMERICA--Showers and thunderstorms produced varying amounts of weekly rainfall throughout the Brazil/Argentina corn and soybean crop areas. In Brazil, 35 to 50 mm of rain fell in Santa Catarina state, while more northern and western crop areas, as well as Rio Grande do Sul, generally received less than 20 mm. Much of Argentina's corn and soybean areas received less than 20 mm of rainfall, but sorghum areas of Cordoba received 30 to 50 mm. Conditions remain generally favorable for crop growth in most areas. The dry weather in northern crop areas of Brazil, Goias and Minas Gerais, in particular, may speed up maturing crops as the harvest season begins. The sorghum harvest also has begun in northern crop areas of Argentina with favorable yield prospects expected.

MEXICO--.u&j yij%i&uyo&iw ehi& yqi se&yqiuwy bi%y ceosf xe&s ust f&ums we&fqoj %&ef&iwwmsf liaaM my&ow zifus zaeajmsf u amyyai iu&ami& yqus owouaM Hs yqi se&yqliwyW xeea ust tuj% xestmymesw %&ihumaitM ^iuhc &umsw xesymsoit liwy ep ^ijewmaaew lqmai amfqy ujeosyw igyistit msye %u&yw ep yqi liwy xeuw hifiyuzai u&iuM =e& yqi jewy %u&yW yqi jemwyo&i zisipmyit lmsyi& lqiuyW &usfiG austw ust amhiwyexb ust msx&iuwit &iwi&hem& aihiawM

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 10, 1981	Change from previous week	A year ago	
	\$ per m. ton	\$ per bu.	¢ per bu.	\$ per m. ton
Wheat				
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	211.00	5.74	- 4	196.00
U.S. No. 2 DHW/HW: 13.5%.....	215.00	5.85	- 6	195.50
U.S. No. 2 S.R.W.....	205.00	5.58	- 3	195.00
U.S. No. 3 H.A.D.....	249.00	6.78	-21	235.00
Canadian No. 1 A: Durum.....	1/	1/	1/	273.50
Feed grains:				
U.S. No. 3 Yellow Corn.....	165.50	4.20	+ 2	133.00
U.S. No. 2 Sorghum 2/.....	174.00	4.42	- 3	146.00
Feed Barley 3/.....	183.50	4.00	-10	157.00
Soybeans:				
U.S. No. 2 Yellow.....	304.00	8.27	+32	264.00
Argentine 4/.....	302.50	8.23	+23	269.50
U.S. 44% Soybean Meal (M.T.)..	266.50	--	+11.50 5/	226.00
EC Import Levies				
Wheat 6/.....	74.41	2.02	+15	115.23
Barley.....	41.65	0.91	- 7	102.90
Corn.....	72.81	1.85	+10	129.30
Sorghum.....	59.40	1.51	+ 7	121.50

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis April delivery.

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